

REFERENCE TITLE: budget stabilization fund

State of Arizona  
House of Representatives  
Forty-ninth Legislature  
First Regular Session  
2009

## **HB 2433**

Introduced by  
Representative Bradley

AN ACT

AMENDING SECTION 35-144, ARIZONA REVISED STATUTES; RELATING TO THE BUDGET STABILIZATION FUND.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:  
2     Section 1. Section 35-144, Arizona Revised Statutes, is amended to  
3 read:

4       35-144. Budget stabilization fund: definitions

5       A. The budget stabilization fund is established consisting of monies  
6 transferred from the state general fund pursuant to subsection B of this  
7 section. The state treasurer shall administer the fund and invest and divest  
8 monies in the fund as provided by sections 35-313 and 35-314.02, and monies  
9 earned from investment shall be credited to the fund. Except as provided by  
10 this section:

11       1. Monies in the fund are exempt from the provisions of section 35-190  
12 relating to the reversion of monies to the state general fund.

13       2. The monies in the fund are separate monies to be used only for the  
14 purposes of the fund.

15       B. In a calendar year in which the annual growth rate exceeds the  
16 trend growth rate, the excess growth when multiplied by total general fund  
17 revenue of the fiscal year ending in the calendar year determines the amount  
18 to be appropriated by the legislature to the budget stabilization fund in the  
19 fiscal year in which the calendar year ends.

20       C. In a calendar year in which the annual growth rate is both less  
21 than two per cent and less than the trend growth rate, the difference between  
22 the annual growth rate and the trend growth rate when multiplied by the total  
23 general fund revenue of the fiscal year ending in the calendar year  
24 determines the amount to be transferred by the legislature from the budget  
25 stabilization fund to the state general fund at the end of the fiscal year in  
26 which the calendar year ends. The transfer calculated pursuant to this  
27 subsection shall not exceed the available balance in the fund, nor shall the  
28 legislature transfer an amount ~~which THAT~~ exceeds the amount sufficient to  
29 balance the general fund budget.

30       D. The legislature shall pass a bill ~~which THAT~~ contains the emergency  
31 clause if the legislature either:

32       1. Reduces the amount for appropriation to the budget stabilization  
33 fund under subsection B of this section.

34       2. Increases the amount for transfer to the state general fund under  
35 subsection C of this section.

36       E. The annual budget recommendations of the governor and the joint  
37 legislative budget committee shall include estimates of appropriations or  
38 transfers required under subsection B or C of this section.

39       F. A final determination of the amount to be appropriated to or  
40 transferred from the budget stabilization fund shall be made using personal  
41 income and price deflator estimates as reported in the second calendar  
42 quarter for the preceding calendar year. The economic estimates commission  
43 shall determine the annual growth rate, the trend growth rate and the  
44 required appropriation to or transfer from the budget stabilization fund at  
45 its first meeting following the second calendar quarter report of the United  
46 States department of commerce, but not later than June 1. The commission

1 shall certify and report its findings to the governor, the state treasurer,  
2 the president of the senate, the speaker of the house of representatives and  
3 the joint legislative budget committee.

4 G. The appropriation calculated pursuant to subsection B of this  
5 section may be included in the general appropriation bill for that fiscal  
6 year. Any additional appropriation calculated pursuant to subsection F of  
7 this section shall be made by separate act.

8 H. FOR FISCAL YEARS 1999-2000 THROUGH 2008-2009, at the end of a  
9 fiscal year, the budget stabilization fund balance shall not exceed ~~5.634 per~~  
10 ~~cent for fiscal year 1997-1998, 6.333 per cent for fiscal year 1998-1999 and~~  
11 ~~seven per cent for fiscal year 1999-2000 and each subsequent fiscal year~~ of  
12 general fund revenue for each fiscal year. BEGINNING IN FISCAL YEAR 2009-2010  
13 AND FOR EACH SUBSEQUENT FISCAL YEAR, AT THE END OF A FISCAL YEAR, THE BUDGET  
14 STABILIZATION FUND BALANCE SHALL NOT EXCEED THREE BILLION DOLLARS. Any  
15 surplus monies above the allowable ~~percentages~~ PERCENTAGE OR AMOUNT shall be  
16 transferred by the state treasurer to the state general fund.

17 I. The state treasurer may temporarily divest monies in the budget  
18 stabilization fund to avoid a negative cash balance in operating monies. The  
19 amount divested shall not exceed the amount required to meet immediate cash  
20 needs. The state treasurer may divest monies in the budget stabilization  
21 fund only when the general fund has a negative cash balance.

22 J. ~~In~~ FOR THE PURPOSES OF this section:

23 1. "Adjusted personal income" means personal income minus transfer  
24 payments, as reported by the United States department of commerce, bureau of  
25 economic analysis, or its successor agency.

26 2. "Annual growth rate" means the percentage change in real adjusted  
27 personal income in the calendar year ending during a fiscal year as compared  
28 to real adjusted personal income for the preceding calendar year. The annual  
29 growth rate shall be rounded to the nearest one-hundredth of one per cent.

30 3. "GDP price deflator" means the gross domestic product price  
31 deflator reported by the United States department of commerce, bureau of  
32 economic analysis, or its successor agency.

33 4. "Personal income" means the total personal income of all persons in  
34 this state reported by the United States department of commerce, bureau of  
35 economic analysis, or its successor agency.

36 5. "Real adjusted personal income" means an amount ~~which~~ THAT is  
37 determined by dividing adjusted personal income by the GDP price deflator and  
38 multiplying the result by one hundred.

39 6. "Transfer payments" means that portion of personal income ~~which~~  
40 THAT represents a government expenditure for which no service is rendered or  
41 product is delivered, as determined by the United States department of  
42 commerce, bureau of economic analysis, or its successor agency.

43 7. "Trend growth rate" means the average annual growth rate for the  
44 most recent seven calendar years, rounded to the nearest one-hundredth of one  
45 per cent.